

AMENDED IN SENATE APRIL 25, 2012

AMENDED IN SENATE MARCH 27, 2012

SENATE BILL

No. 1535

Introduced by Senator Padilla

February 24, 2012

An act to ~~add and repeal~~ *amend* Section ~~38599.5~~ 38574 of the Health and Safety Code, relating to air pollution, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1535, as amended, Padilla. California Global Warming Solutions Act of 2006: water industry study.

Existing

(1) *Existing* law, the California Global Warming Solutions Act of 2006, designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas ~~emission~~ *emissions* reductions. Existing law authorizes the state board to include market-based compliance mechanisms, as defined, to comply with the regulations. *Existing law prohibits conferring any authority on the state board to alter any programs administered by other state agencies for the reduction of greenhouse gas emissions.*

This bill would ~~require, by July 1, 2013, the state board to conduct a thorough study and present its written findings to the Legislature, as prescribed, on the benefits that can be achieved through specific water~~

~~sector measures in lieu of regulating the water industry under market-based compliance mechanisms with a specific compliance obligation additionally prohibit any authority being conferred on the state board to impose any regulatory obligations on publicly owned water utilities for purposes of greenhouse gas emissions related to electricity imported for the publicly owned water utility's own use for the sole purpose of obtaining, transporting, and distributing water to its service area from an out-of-state water source unless the state board allocates to publicly owned water utilities allowances, credits, or other forms of price mitigation received by publicly owned electric utilities.~~

~~(2) This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares as follows:
- 2 (a) The California Global Warming Solutions Act of 2006,
- 3 Division 25.5 (commencing with Section 38500) of the Health and
- 4 Safety Code, (Assembly Bill 32; Chapter 488 of the Statutes of
- 5 2006) declares that global warming poses a serious threat to the
- 6 economic well-being, public health, natural resources, and
- 7 environment of California and creates a comprehensive multiyear
- 8 program to reduce California's greenhouse gas emissions to 1990
- 9 levels by 2020.
- 10 (b) Under Assembly Bill 32, pursuant to Sections 39600 and
- 11 39601 of the Health and Safety Code, the Legislature authorizes
- 12 the State Air Resources Board (state board) to adopt standards,
- 13 rules, and regulations and to act as may be necessary for the proper
- 14 execution of the powers and duties granted to and imposed upon
- 15 the state board by law.
- 16 (c) Subdivision (c) of Section 38562 and Section 38570 of the
- 17 Health and Safety Code authorize the state board to adopt
- 18 regulations that utilize market-based compliance mechanisms.
- 19 (d) Pursuant to this authority, the state board adopted Resolution
- 20 11-32 on October 20, 2011, adopting the Final Regulation Order
- 21 for the California Cap on Greenhouse Gas Emissions and
- 22 Market-Based Compliance Mechanisms (Sections 95800 to 96023,
- 23 inclusive, of Title 17 of the California Code of Regulations)

1 including the four Final Compliance Offset Protocols (hereafter
2 cap-and-trade regulations).

3 (e) As part of Resolution 11-32, the state board directed its
4 executive officer to continue discussions with water industry
5 stakeholders to identify and propose potential amendments to the
6 cap-and-trade regulations to address the distribution of allowance
7 value associated with cap-and-trade compliance costs from using
8 electricity to supply water, and the expected ability of allowance
9 allocation and other measures to adequately address the incidence
10 of these costs equitably across regions of the state.

11 (f) To date, the state board has not adequately addressed the
12 adverse impacts on the water industry.

13 (g) The Legislature directs the state board to evaluate the
14 benefits that can be achieved through specific water sector
15 measures, such as the policy development work being done by the
16 Water-Energy Team of the Climate Action Team (WET-CAT), in
17 lieu of regulating the water industry under cap-and-trade
18 regulations with a specific compliance obligation.

19 *SEC. 2. Section 38574 of the Health and Safety Code is*
20 *amended to read:*

21 38574. (a) Nothing in this part or Part 4 (commencing with
22 Section 38560) confers any authority on the state board to alter
23 any programs administered by other state agencies for the reduction
24 of greenhouse gas emissions *or to impose any regulatory*
25 *obligations on publicly owned water utilities for purposes of*
26 *greenhouse gas emissions related to electricity imported for the*
27 *publicly owned water utility's own use for the sole purpose of*
28 *obtaining, transporting, and distributing water to its service area*
29 *from an out-of-state water source.*

30 (b) *Subdivision (a) shall not apply if the state board allocates*
31 *to publicly owned water utilities allowances, credits, or other*
32 *forms of price mitigation received by publicly owned electric*
33 *utilities.*

34 *SEC. 3. This act is an urgency statute necessary for the*
35 *immediate preservation of the public peace, health, or safety within*
36 *the meaning of Article IV of the Constitution and shall go into*
37 *immediate effect. The facts constituting the necessity are:*

38 *In order to prevent water rate increases associated with the*
39 *current requirement that publicly owned water utilities purchase*
40 *greenhouse gas emissions allowances in the State Air Resources*

1 *Board's allowance auction to be conducted in 2012 , it is necessary*
2 *for this act to take effect immediately.*

3 ~~SEC. 2. Section 38599.5 is added to the Health and Safety~~
4 ~~Code, to read:~~

5 ~~38599.5. (a) By July 1, 2013, the state board shall conduct a~~
6 ~~thorough study and present its written findings to the Legislature~~
7 ~~on the benefits that can be achieved through specific water sector~~
8 ~~measures, such as the policy development work being done by the~~
9 ~~Water Energy Team of the Climate Action Team (WETCAT), in~~
10 ~~lieu of regulating the water industry with a specific compliance~~
11 ~~obligation by regulation adopted pursuant to Section 38570.~~

12 ~~(b) (1) A report to be submitted pursuant to subdivision (a)~~
13 ~~shall be submitted in compliance with Section 9795 of the~~
14 ~~Government Code.~~

15 ~~(2) Pursuant to Section 10231.5 of the Government Code, this~~
16 ~~section is repealed on July 1, 2017.~~